



# **Tollway Holdings Limited**

**Registered number 03724230**

## **Financial Report 31 December 2015**

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## Table of contents

<b>Directors' Report</b>	<b>3</b>
Principal activity and future developments	3
Results and dividends	3
Business review	3
Creditor payment policy	4
Indemnification and insurance of officers	4
Environment policy	4
Directors	4
Secretary	4
Statement of directors' responsibilities	5
Statement of disclosure of information to auditors	5
Financial risk management objectives and policies	5
Going concern	5
Events occurring after balance sheet date	5
Independent auditors	6
<b>Independent auditors' report to the members of Tollway Holdings Limited</b>	<b>7</b>
<b>Statement of Comprehensive Income</b>	<b>9</b>
<b>Statement of Financial Position</b>	<b>10</b>
<b>Statements of Changes in Equity</b>	<b>11</b>
<b>Notes to the Financial Statements</b>	<b>12</b>
1 Summary of significant accounting policies	12
2 Operating profit	15
3 Interest payable and similar charges	15
4 Tax on loss on ordinary activities	15
5 Dividends paid and proposed	16
6 Employees' and directors' remuneration	16
7 Investments	17
8 Receivables	17
9 Payables	18
10 Ordinary shares	18
11 Accumulated losses	18
12 Contingent liabilities	19
13 Related party transactions	19
14 Immediate and ultimate parent company	19
15 Transition to FRS 101	19

## Directors' Report

The Directors of Tollway Holdings Limited (the "Company" or "THL") submit the following report and audited financial statements in respect of the year ended 31 December 2015.

The financial statements of THL have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101") and the Act as applicable to Companies using FRS 101. The financial statements have been prepared under the historical cost convention.

These are the first financial statements of the Company prepared in accordance with FRS 101. The Company's date of transition to FRS 101 is 1 January 2015. The Company has notified its shareholders in writing and they do not object to, the use of the disclosure exemptions availed of by the Company in these financial statements.

### Principal activity and future developments

The principal activity of the Company consists of investment in infrastructure projects and associated activities as part of the Macquarie Atlas Roads International Limited ("MARIL") group, being MARIL and its subsidiaries (the "Group"). The Group forms part of Macquarie Atlas Roads ("MQA").

The Company does not envisage any changes in activity over the next 12 months.

### Results and dividends

The Company's loss for the year ended 31 December 2015 of £21.4 million (2014: £20.7 million) was transferred to equity. The results for the year ended 31 December 2015 are summarised in the Statement of Comprehensive Income on page 9.

No dividend has been proposed or paid to ordinary shareholders for the year ended 31 December 2015 (2014: £nil).

### Business review

#### Principal risks and uncertainties

As at 31 December 2015, the Company had net liabilities of £238.1 million (2014: £216.7 million). The Company had current liabilities payable as follows:

• MARIL (ultimate parent undertaking)	£218.0 million	(2014: £194.0 million)
• Tipperhurst Limited ("Tipperhurst")	£20.7 million	(2014: £23.3 million)
• WMTH No.1 Limited ("WMTH") (Previously known as Macquarie Midland Holdings Ltd)	£2	(2014: £9,799)
• European Transport Investments (UK) Limited ("ETIUK")	£nil	(2014: £1,889)

The Directors of MARIL and Tipperhurst have confirmed that as long as the Company remains in the MARIL group and Tipperhurst remains as a direct subsidiary of THL:

- MARIL and Tipperhurst will not require the repayment of their loans and interest accrued thereon, to THL for a period of at least twelve months from the date that the financial statements are approved by the Board of Directors; and
- it is not currently their intention to require repayment of the loan and interest accrued thereon, beyond that time

to the extent that any such repayment would place THL in a position where it would be unable to pay its debts as and when they become due and payable.

The business risks that affect the Company are principally the risks that affect the infrastructure projects the Company has invested in. These are considered to be:

- the continued ability to collect tolls over the life of the concession, and not being discriminated against by changes in government policy;
- increased competition from other routes as a result of the fiscal stimulus measures being applied;
- rising fuel prices;
- the general downturn in the economy; and
- the safety and security of road infrastructure and tolling facilities.

#### Key Performance Indicators ("KPIs")

Given the straightforward nature of the business and the information provided elsewhere in this report, the Directors are of the opinion that the reproduction of KPIs in the Directors' Report is not necessary for an understanding of the development, performance or position of the business. KPIs are monitored at MQA level.

## **Directors' Report (continued)**

### **Creditor payment policy**

The Company seeks to treat all of its suppliers fairly. It is the Company's policy to agree the terms of payment at the start of business with that supplier, ensure that suppliers are aware of the terms of payment and to pay in accordance with its contractual and other legal obligations.

### **Indemnification and insurance of officers**

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the *Companies Act 2006* ("Act"). The indemnity was in force throughout the last year and is currently in force. MARIL, the ultimate parent of the Company, paid a premium to insure the directors and officers of MARIL and its subsidiaries. The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the directors and officers in their capacity as directors and officers of MARIL and its subsidiaries, and any other payments arising from liabilities incurred by the directors and officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the directors and officers or the improper use by the directors and officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to MARIL or its subsidiaries. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities. So long as the directors and officers of MARIL and its subsidiaries act in accordance with the relevant company constitutions and the law, the directors and officers remain indemnified out of the assets of the Group, against any losses incurred while acting on behalf of MARIL and its subsidiaries.

### **Environment policy**

The Company's only operational subsidiary (through the Company's indirect subsidiary Macquarie Motorways Group Limited ("MMG"), Midland Expressway Limited ("MEL"), is a limited Company set up exclusively to construct, operate and maintain the M6 Toll motorway over a concession period expiring in 2054. MEL recognises that its activities impact on the environment to some degree, and aims to secure the positive advantages and reduce the negative impacts through a system of active environmental management, which will in many cases, contribute positively to its future performance.

MEL aims to:

- comply with current and future legislative requirements, encourage best environmental practice and commit to continual improvement;
- fulfil applicable landscape and ecological commitments;
- minimise pollution from its activities;
- plan the contingency/emergency response for major incidents, with other environmental stakeholders, to minimise environmental impact;
- engender within staff and, as far as practicable, contractors, a culture of awareness and responsibility for relevant environmental issues by promoting this policy internally;
- develop, implement and audit an Environmental Management System to support these aims;
- maintain certification to ISO 14001 'Environmental Management Systems' gained on 15 December 2006; and
- promote its environmental-friendly credentials as widely as possible.

### **Directors**

The following persons were Directors of the Company during the whole of the year and up to the date of this report:

- Richard Abel
- Steve Barth
- Peter Trent

### **Secretary**

Steven Smith has been the sole company secretary of the Company during the whole of the year and up to the date of signing this report.

## **Directors' Report (continued)**

### **Statement of directors' responsibilities**

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each year. Under that law the Directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting and Standards (United Kingdom Generally Accepted Accounting Practice), including *Financial Reporting Standard 101 Reduced Disclosure Framework* ("FRS 101"). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 101, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholder in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Act. They are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Statement of disclosure of information to auditors**

In the case of each of the persons who are Directors at the time when the Directors' report is approved, the following applies:

- (a) so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- (b) the Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

### **Financial risk management objectives and policies**

The Company is exposed to financial risks in the form of foreign exchange risk and cash flow interest rate risk.

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is different from the currency in which the entity normally operates. The Company does not hedge the foreign exchange exposure on investments due to their long-term horizon.

The Company has interest bearing assets consisting of cash balances. The Company has a policy of monitoring cash balances to ensure working capital requirements are at an appropriate level to fund its operations.

### **Going concern**

An assessment of going concern has been carried out by the Directors during the year. They have considered the solvency of the Company and do not intend to liquidate the Company for at least 12 months from the date of signing this report. Confirmation has been received from the Directors of MARIL and Tipperhurst that the existing loans will not be called upon in the next 12 months from the date of signing this report. As such, the financial results have been prepared on a going concern basis, which assumes that the Company will be able to meet its liabilities as and when they fall due for at least 12 months from the date of signing this report.

### **Events occurring after balance sheet date**


There have been no circumstances or events subsequent to the year-end which require adjustment of or disclosure in the financial statements or in the notes thereto.

## **Directors' Report (continued)**

### **Independent auditors**

PricewaterhouseCoopers LLP has indicated its willingness to continue in office and appropriate arrangements are being made for it to be re-appointed as auditor in the absence of an Annual General Meeting.

On behalf of the Board



Director

PETER TRENT

14 September 2016  
Ropemaker Place  
28 Ropemaker Street  
London EC2Y 9HD  
United Kingdom

## ***Independent auditors' report to the members of Tollway Holdings Limited***

### **Report on the financial statements**

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#### **Our opinion**

In our opinion, Tollway Holdings Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its loss for the year then ended;
  - have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
  - have been prepared in accordance with the requirements of the Companies Act 2006.
- 

#### **What we have audited**

The financial statements, included within the Financial Report (the "Annual Report"), comprise:

- the Statement of Financial Position as at 31 December 2015;
- the Statement of Comprehensive Income for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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### **Opinion on other matter prescribed by the Companies Act 2006**

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In our opinion, the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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### **Other matters on which we are required to report by exception**

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#### **Adequacy of accounting records and information and explanations received**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

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#### **Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

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### **Entitlement to exemptions**

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

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## **Responsibilities for the financial statements and the audit**

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### **Our responsibilities and those of the directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the parent company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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### **What an audit of financial statements involves**

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Jonathan Hinchliffe (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London

~~August 2016~~

15/9/16



## Statement of Comprehensive Income

for the year ended 31 December 2015

	Note	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000
Administrative expenses		(41)	(29)
Other operating income		2,627	622
<b>Operating profit</b>	2	<b>2,586</b>	593
Interest payable and similar charges	3	(23,976)	(21,338)
<b>Loss on ordinary activities before taxation*</b>		<b>(21,390)</b>	(20,745)
Tax on loss on ordinary activities	4	-	-
<b>Loss for the year</b>	11	<b>(21,390)</b>	(20,745)
<b>Other comprehensive income</b>			
Other comprehensive income		-	-
<b>Total other comprehensive income</b>		-	-
<b>Total comprehensive expense for the year</b>		<b>(21,390)</b>	(20,745)

The notes on pages 12-19 are an integral part of these financial statements.

\* The loss on ordinary activities before income tax for current and prior year relates wholly to continuing operations.

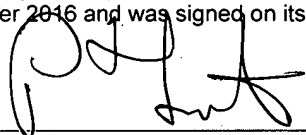
## Statement of Financial Position

as at 31 December 2015

	Note	As at 31 December 2015 £'000	As at 31 December 2014 £'000
<b>Current assets</b>			
Cash and cash equivalents		1	8
Receivables	8	504	527
<b>Total current assets</b>		<b>505</b>	<b>535</b>
<b>Non-current assets</b>			
Investments	7	-	-
<b>Total non-current assets</b>		<b>-</b>	<b>-</b>
<b>Total assets</b>		<b>505</b>	<b>535</b>
<b>Current liabilities</b>			
Payables	9	(238,643)	(217,283)
<b>Total current liabilities</b>		<b>(238,643)</b>	<b>(217,283)</b>
<b>Net liabilities</b>		<b>(238,138)</b>	<b>(216,748)</b>
<b>Equity</b>			
Ordinary shares	10	39,998	39,998
Accumulated losses	11	(278,136)	(256,746)
<b>Total equity</b>		<b>(238,138)</b>	<b>(216,748)</b>

The notes on pages 12-19 are an integral part of these financial statements.

The Tollway Holdings Limited financial information on pages 9-19 was approved by the Board of Directors on 14 September 2016 and was signed on its behalf by:



Director

PETER TRENT

## Statements of Changes in Equity

for the year ended 31 December 2015

	Ordinary shares £'000	Attributable to owners	
		Accumulated losses £'000	Total shareholder's deficit £'000
<b>Balance as at 1 January 2015</b>	39,998	(256,746)	<b>(216,748)</b>
Loss for the year	-	(21,390)	<b>(21,390)</b>
Other comprehensive income	-	-	-
<b>Total comprehensive expense</b>	-	(21,390)	<b>(21,390)</b>
<b>Balance as at 31 December 2015</b>	39,998	(278,136)	<b>(238,138)</b>

	Ordinary shares £'000	Attributable to owners	
		Accumulated losses £'000	Total shareholder's deficit £'000
<b>Balance as at 1 January 2014</b>	39,998	(236,001)	<b>(196,003)</b>
Loss for the year	-	(20,745)	<b>(20,745)</b>
Other comprehensive income	-	-	-
<b>Total comprehensive expense</b>	-	(20,745)	<b>(20,745)</b>
<b>Balance as at 31 December 2014</b>	39,998	(256,746)	<b>(216,748)</b>

The notes on pages 12-19 are an integral part of these financial statements.

## Notes to the Financial Statements

### 1 Summary of significant accounting policies

The financial statements contain information about THL as an individual company and do not contain consolidated financial information of any of its subsidiaries. The Company is exempt under section 401 of the *Companies Act 2006* ('the Act') from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included in full consolidation in the consolidated financial statements of its ultimate parent Macquarie Atlas Roads International Limited ("MARIL"), which are publicly available.

The Company is a private company and is incorporated and domiciled in the UK. The address of its registered office is Ropemaker Place, 28 Ropemaker Street, London EC2Y 9HD, United Kingdom.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### (a) Basis of preparation

The financial statements of THL have been prepared in accordance with Financial Reporting Standard 101 '*Reduced Disclosure Framework*' ("FRS 101") and the Act as applicable to Companies using FRS 101. The financial statements have been prepared under the historical cost convention.

These are the first financial statements of the company prepared in accordance with FRS 101. The Company's date of transition to FRS 101 is 1 January 2015. The Company has notified its shareholders in writing and they do not object to, the use of the disclosure exemptions availed of by the Company in these financial statements. There are no transitional adjustments identified as part of new GAAP adoption.

The Company previously prepared its financial statements in accordance with UK Generally Accepted Accounting Practice ("UK GAAP").

FRS 101 sets out amendments to EU-adopted IFRS that are necessary to achieve compliance with the Act. The impact of these amendments to the Company's previously adopted accounting policies in accordance with EU-adopted IFRS was not material to the shareholders' equity as at the date of transition and as at 31 December 2014 and on the profit or loss for the year ended 31 December 2014.

FRS 101 sets out a reduced disclosure framework for a 'qualifying entity' as defined in FRS 101 which addresses the financial reporting requirements and disclosure exemptions in the financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of EU-adopted International Financial Reporting Standards ("IFRS").

The Company is a qualifying entity for the purposes of FRS 101. Note 14 gives details of the Company's parent and from where its consolidated financial statements prepared in accordance with IFRS may be obtained.

In accordance with FRS 101 the following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements:

- International Accounting Standard ("IAS") 7 "*Statement of Cash Flows*": The Company has elected to utilise the disclosure exemption to not produce a cash flow statement.
- IAS 24 "*Related Party Disclosures*": The Company's ultimate parent undertaking, MARIL, prepares consolidated financial statements which are publicly available. Accordingly, the Company has elected to utilise the disclosure exemptions to not disclose transactions with entities that are part of the group or investees of group entities as related parties in these financial statements.
- IFRS 13 "*Fair Value Measurement*": The Company has elected to utilise the disclosure exemptions to not disclose valuation techniques and inputs used for fair value measurement of assets and liabilities.
- IAS 1, "*Presentation of financial statements*": The Company has elected to utilise the disclosure exemptions in regard to the following paragraphs of IAS 1:
  - a) Paragraph 10(d) and 111: The Company has elected to utilise the disclosure exemption to not produce a cash flow statement given in IAS 7 and therefore has not presented the cash flow statement as mentioned in paragraph 10(d); and
  - b) Paragraphs 134-136: The Company has elected to utilise the exemption in respect to capital management disclosures as given in these paragraphs in accordance with FRS 101.

## Notes to the Financial Statements (continued)

### 1 Summary of significant accounting policies (continued)

#### (a) Basis of preparation (continued)

##### *Deficiency of net current assets/net assets*

The Directors of the Company have prepared the financial statements on a going concern basis despite there being an excess of current liabilities over current assets at 31 December 2015 of £238.1 million (2014: £216.7 million). The Company had current liabilities payable as follows:

• MARIL (ultimate parent undertaking)	£218.0 million	(2014: £194.0 million)
• Tipperhurst Limited ("Tipperhurst")	£20.7 million	(2014: £23.3 million)
• WMTH No.1 Limited ("WMTH") (Previously known as Macquarie Midland Holdings Ltd)	£2	(2014: £9,799)
• European Transport Investments (UK) Limited ("ETIUK")	£nil	(2014: £1,889)

The Directors of MARIL and Tipperhurst have confirmed that as long as the Company remains in the MARIL group and Tipperhurst remains as a direct subsidiary of THL:

- MARIL and Tipperhurst will not require the repayment of their loans and interest accrued thereon, to THL for a period of at least twelve months from the date that the financial statements are approved by the Board of Directors; and
- it is not currently their intention to require repayment of the loan and interest accrued thereon, beyond that time

to the extent that any such repayment would place THL in a position where it would be unable to pay its debts as and when they become due and payable.

##### *New standards, amendments and IFRIC interpretations*

No new accounting standards, or amendments to accounting standards or IFRIC interpretations that are effective for the year ended 31 December 2015, have had a material impact on the Company.

#### (b) Foreign currency translation

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in 'Pounds Sterling' (£), which is also the Company's functional currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income. All other foreign exchange gains and losses are presented in the income statement within 'Other operating income.'

#### (c) Investments

During the year, management assessed the impact of adopting FRS101 with respect to both existing and planned investments in the foreseeable future and concluded that the use of fair value did not enhance the assets' appropriateness for subsequent measurement based on the challenges in obtaining market prices on a consistent basis. Therefore as at the balance sheet date, investments are measured at cost less any provisions for impairment.

#### (d) Impairment of assets

The carrying amount of investments is assessed periodically to determine whether there are any indications of impairment. If that is the case, an impairment charge is taken against the carrying amount of the assets, if that is higher than the recoverable amount. The impairment of investment is recognised as an expense in the profit and loss account. Also, investments in subsidiaries that have been impaired are reviewed for possible reversal of the impairment. When the recoverable amount of such an asset subsequently increases because of a change in economic conditions or in the expected use of the asset, the amount of impairment recognised in previous periods is reversed. If that is the case, the recoverable amount is calculated. If the carrying amount exceeds the recoverable amount, an impairment charge is taken against the carrying amount of the assets.

## **Notes to the Financial Statements (continued)**

### **1 Summary of significant accounting policies (continued)**

#### **(d) Impairment of assets (continued)**

The recoverable amount of the asset is the higher of the net realisable value and the value in use. If it is not possible to determine a recoverable amount for the individual assets, the assets are assessed together in the smallest group of assets which generate cash inflows that are largely independent of those from other assets or groups of assets.

#### **(e) Borrowings**

Borrowings are recognised initially at fair values, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost, any differences between the proceeds (net of transaction costs) and the redemption value of recognised in the Statement of Comprehensive Income over the period of borrowing using the effective interest method.

#### **(f) Interest**

Interest income is recognised using the effective interest method.

#### **(g) Taxation and deferred taxation**

The charge for taxation is based on the loss for the year and takes into account taxation deferred due to timing differences between the treatment of certain items for taxation and accounting purposes. Deferred taxation is provided fully in respect of all timing differences between the accounting and tax treatment of income and expenses at the reporting date, the anticipated reversal of which will result in a change in future liability to tax.

The provision is calculated using the rates expected to be applicable when the asset or liability crystallises based on current tax rates and law measured on a non-discounted basis. A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of temporary differences can be deducted.

#### **(h) Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

#### **(i) Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

#### **(j) Critical accounting estimates and judgements**

The preparation of the financial statements in accordance with FRS 101 requires the use of certain critical accounting estimates. It also requires the directors to exercise judgement in the process of applying the accounting policies. Estimates and judgements are continually evaluated and are based on historic experience and other factors, including reasonable expectations of future events. The directors believe the estimates used in the preparation of the financial statements are reasonable. Actual results in the future may differ from those reported.

#### **(k) Comparative figures**

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

## Notes to the Financial Statements (continued)

### 2 Operating profit

	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000
<b>Operating profit is stated after (charging)/crediting:</b>		
Administrative expenses	(41)	(29)
Foreign exchange gains	2,617	622
Dividend from subsidiary (WMTH No.1 Limited)	10	-
<b>Total operating profit</b>	<b>2,586</b>	<b>593</b>

Administrative expenses include the audit fee of £10,111 for the audit of 2015 financial statements of the Company (2014: £10,755).

It also includes non-audit remuneration of £19,285 for the tax return, of which £5,100 relates to the Company and the remaining £14,185 to the Company's wholly owned subsidiaries (2014: £8,105, of which £3,240 related to the Company and the remaining £4,865 to the Company's wholly owned subsidiaries).

### 3 Interest payable and similar charges

	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000
Interest payable to ultimate parent undertaking	(23,976)	(21,338)

### 4 Tax on loss on ordinary activities

Factors affecting the current tax charge for the year are as follows:

	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000
<b>Reconciliation of current tax and deferred tax charge</b>		
Loss on ordinary activities before taxation	(21,390)	(20,745)
Loss on ordinary activities multiplied by the applicable rate of corporation tax of 20.25% (2014: 21.50%)	(4,331)	(4,460)
Transfer pricing adjustment non-interest bearing loans	(77)	(85)
Other non-assessable income	(2)	-
Other non-deductible expense	4,855	4,588
Losses claimed through group relief	(445)	(43)
<b>Tax on loss on ordinary activities</b>	<b>-</b>	<b>-</b>

The rate at which tax for the year has been assessed is higher (2014: higher) than the standard rate of corporation tax in the UK, which is 20.00% at 31 December 2015 (2014: 21.00%).

## Notes to the Financial Statements (continued)

### 4 Tax on loss on ordinary activities (continued)

	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000
<b>Current tax:</b>		
UK corporation tax at 20.25% (2014: 21.50%)	-	-
<b>Total current tax</b>	-	-
<b>Deferred tax</b>		
Deferred tax	-	-
<b>Total deferred tax</b>	-	-
<b>Tax on loss on ordinary activities</b>	-	-

The UK Government's Emergency Budget on 22 June 2010, the Budget on 23 March 2011, the Budget on 21 March 2012, the Budget on 20 March 2013 and the Budget on 19 March 2014 announced changes in relation to a reduction in the main corporation tax rate. The Chancellor announced a reduction in the main corporation tax rate by 2.00% commencing from 1 April 2011, a reduction by an additional 2.00% from 1 April 2012, a reduction by 1.00% from 1 April 2013, a reduction of 2.00% from 1 April 2014 and a further reduction of 1.00% from 1 April 2015. On this basis the main rate of corporation tax was reduced from 23.00% at 31 March 2014 to 21.00% from 1 April 2014. The further reductions have resulted in a corporation tax rate of 20% as of 1 April 2015.

The effective tax rate used for the year ended 31 December 2015 was 20.25% (21.00% from 1 January 2015 to 31 March 2015 and 20.00% from 1 April 2015 to 31 December 2015 (2014: 21.50%)).

#### Deferred Tax

A deferred tax asset should only be recognised where it can be regarded as more likely than not that there will be suitable taxable profits from which a future reversal of the underlying timing differences can be deducted. In the opinion of the Directors this is currently not the case and therefore no asset is recognised in the financial statements. The Company has no carried forward tax losses as at 31 December 2015 and therefore no deferred tax asset has been recognised (2014: nil).

### 5 Dividends paid and proposed

No dividend has been proposed or paid in the year ended 31 December 2015 (2014: nil).

### 6 Employees and directors' remuneration

There are no employees engaged in the Company's principal activity (2014: nil).

During the year ended 31 December 2015 and the year ended 31 December 2014, all Directors were employed by and received remuneration from subsidiaries of Macquarie Group Limited ("MGL"), the ultimate parent of Macquarie Fund Advisers Pty Limited, the adviser of MARIL. The Directors perform director duties for multiple entities in connection with their employment by members of the Macquarie Group (being MGL and its subsidiaries) as well as their employment duties within the Macquarie Group businesses. Consequently, allocating their employment compensation accurately across all these duties would not be feasible. Accordingly, no separate remuneration has been disclosed.



## Notes to the Financial Statements (continued)

### 7 Investments

All investments have been fully written off as at 31 December 2015 and 31 December 2014. Below are the details of investments:

Subsidiary Undertaking	Country of Corporation	Principal activities	Year end	31 December 2015	31 December 2014
				Class and percentage of shares held	Class and percentage of shares held
Tipperhurst Limited	UK	Dormant	31 December	100% ordinary	100% ordinary
WMTH No.1 Limited (formerly known as Macquarie Midland Holdings Ltd.) <sup>(1)</sup>	UK	Dormant	31 December	100% ordinary	100% ordinary
MQA Infrastructure US Pty Limited	AUSTRALIA	Dormant	31 December	100% ordinary	100% ordinary
Greenfinch Motorways Limited	UK	Dormant	31 December	100% ordinary	100% ordinary
MQA 125 Holdings Inc <sup>(2)</sup>	US	Dormant	31 December	100% ordinary	100% ordinary

(1) Approved for strike off on 2 December 2015 and struck off on 8 March 2016.

(2) MQA 125 Holdings Inc is a direct subsidiary of MQA Infrastructure US Pty Limited.

Associate Undertaking	Country of Corporation	Principal activities	Year end	31 December 2015	31 December 2014
				Class and percentage of shares held by Direct subsidiary	Class and percentage of shares held by Direct Subsidiary
Peregrine Motorways Limited <sup>(1)</sup>	UK	Infrastructure Investment	31 December	100% ordinary	100% ordinary
Macquarie Motorways Group Limited	UK	Infrastructure Investment	31 December	100% ordinary	100% ordinary
Midland Expressway Limited	UK	Toll road operator	31 December	100% ordinary	100% ordinary

(1) In December 2013, there was a reorganisation of the equity share capital of Macquarie Motorways Group Limited ("MMG"), a 100% owned subsidiary of THL. Pursuant to the reorganisation, all equity in MMG is held by Peregrine Motorways Limited ("PML") and all equity in PML is held by THL. THL's equity interest in PML has nominal economic value as it does not expect to be exposed to any significant variable returns from the ongoing operations of PML or any of its underlying subsidiaries - MMG and Midland Expressway Limited.

### 8 Receivables

	As at 31 December 2015 £'000	As at 31 December 2014 £'000
Amounts owed by ultimate parent undertaking	502	525
Other receivables	2	2
	<b>504</b>	<b>527</b>

## Notes to the Financial Statements (continued)

### 9 Payables

	As at 31 December 2015 £'000	As at 31 December 2014 £'000
Amounts owed to ultimate parent undertaking	217,955	193,979
Amounts owed to group undertakings <sup>(1)</sup>	20,647	23,275
Other payables and accruals	41	29
	<b>238,643</b>	<b>217,283</b>

(1) Amounts owed to group undertakings are non interest bearing.

The loan from MARIL (ultimate parent undertaking) is interest bearing at a fixed rate of 12.0% per annum and repayable on demand.

The Directors of MARIL and Tipperhurst have confirmed that as long as the Company remains in the MARIL Group and Tipperhurst remains in the THL group, being THL and its subsidiaries:

- MARIL and Tipperhurst will not require the repayment of their loans and interest accrued thereon, to THL for a period of at least twelve months from the date that the financial statements are approved by the Board of Directors; and
- it is not currently their intention to require repayment of the loans beyond that time

to the extent that any such repayment would place the Company in a position where it would be unable to pay its debts as and when they become due and payable.

### 10 Ordinary shares

	As at 31 December 2015 £'000	As at 31 December 2014 £'000
<b>Allotted and fully paid</b>		
1,936,940,676 (2014: 1,936,940,676) Ordinary shares of £0.02065 each	39,998	39,998
	<b>39,998</b>	<b>39,998</b>

Each fully paid share confers the right to vote at the meetings of the shareholders.

### 11 Accumulated losses

	Year ended 31 December 2015 £'000	Year ended 31 December 2014 £'000
Balance as at the beginning of the year	(256,746)	(236,001)
Adjustment to opening accumulated losses due to adoption of FRS 101	-	-
Loss for the year	(21,390)	(20,745)
Balance as at the end of the year	<b>(278,136)</b>	<b>(256,746)</b>

## **Notes to the Financial Statements (continued)**

### **12 Contingent liabilities**

As part of the debt refinancing of the M6 Toll in August 2006, MEL acceded to a formal obligation with the Secretary of State to contribute up to a maximum of £70.0 million towards a road enhancement project which would provide a motorway to motorway link between the M54 to the M6 Toll. The commitment amount is indexed according to the Road and Construction Tender Index from May 2006. The contribution is contingent on the final project meeting the following criteria.

- The link road is of a motorway standard; and
- The link road is free flowing onto the M6 Toll with no need for vehicles to exit via a junction.

THL is a party to the obligation and it will be liable to contribute such amount in case of default by MEL. The directors believe that no provisions are necessary in the financial statements at 31 December 2015 as:

- There has been no formal decision regarding which scheme, if any, will be implemented; and
- MEL would be expected to make necessary contributions towards the scheme, if applicable.

### **13 Related party transactions**

The Company has taken advantage of the exemptions available under FRS 101 for disclosure of transactions with entities that are 100% owned within the MARIL Group as related parties in these financial statements.

The Company does not have any related party other than the parties covered under the above mentioned exemption.

The Company does not have any transactions with the Directors during the year.

### **14 Immediate and ultimate parent company**

The immediate parent undertaking of the Company is MQA Investments Limited (formerly MIG Investments Limited), a company incorporated in Bermuda having registered office, Belvedere Building, 69 Pitts Bay Road, Pembroke HM08, Bermuda.

The ultimate parent undertaking and controlling party is MARIL, a mutual fund company incorporated in Bermuda, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of the consolidated financial statements which include the results of the Company can be obtained from Belvedere Building, 69 Pitts Bay Road, Pembroke HM08, Bermuda.

### **15 Transition to FRS 101**

For all periods up to and including the year ended 31 December 2014, the Company prepared its financial statements in accordance with UK GAAP. The Company has adopted FRS 101 and the financial statements for the year ended 31 December 2015 are the first the Company prepared in accordance with FRS 101.

Accordingly, the accounting policies set out in Note 1 have been applied in preparing the financial statements for the year ended 31 December 2015 and the comparative information presented in these financial statements for the year ended 31 December 2014. No transitional impact was identified in respect to the statement of financial position, the statement of comprehensive income, or the entity's equity at the date of transition or the end of the comparative period, and therefore no additional reconciliation to demonstrate the impact of the adoption of the FRS 101 has been presented.